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**From:** Ethan Talbot [mailto:eatt7@hotmail.com]  
**Sent:** Friday, December 13, 2002 8:04 PM  
**To:** director@fasb.org  
**Subject:** Principals Based Approach Request for coments

**Letter of Comment No:** 77  
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To whom it may concern,

I have answered the questions for the proposal. Whether or not they are helpful or make any sense at all I don't know. I am a graduate student still so I am only able to go off of what other accountants have written in my textbooks.

### Request For Comments

#### PROPOSAL

#### "PRINCIPLES BASED APPROACH TO U.S. STANDARD SETTING"

1. I support the proposal to the extent that it can cut down on the exceptions to the principles. I am still a graduate student in accounting and having to learn about all the exceptions that are available makes me agree with the idea of cutting down on exceptions. I think this approach would help with transparency to an extent in that, fewer exceptions would mean that more businesses are reporting things the same way.
2. I think an overall reporting framework would be a good thing in that many of the areas that it covers are interpretation subjects. Since things get interpreted differently by different people, this framework could be kind of like a reference guide so the range of the interpretation can be decreased. Since I still have a limited knowledge in accounting, I can't think of any time when following an accounting standard would be grossly misleading to the objectives of financial accounting and reporting. Because of this I think a true and fair view override is not really necessary.

3. I think interpretive and implementation guidance should be provided only when it is deemed to be able to make a difference in the way something is being reported. When or how often something like this will happen I do not know. I think that the board should be the primary setter responsible for guidance to maintain consistency, but I think that the board should also be required to consult with other regulatory bodies to obtain different perspectives.
4. I think that all groups can adjust to principles based accounting. Some groups might say they can't or won't. Difficulty levels in adjusting will probably be a big factor since it is such a big undertaking.
5. I think the benefits would be that with fewer exceptions less time would be required to find out how to account for the exception. Fewer exceptions would mean businesses are accounting for things the same way, which will lead to better comparability. Interpretations of the exceptions would be reduced which could reduce some confusion in certain areas.

The costs might be the time it takes all of the affected groups to adjust to a principles based approach. Unforeseen costs or costs that are not apparent right now and won't be until the adjusting process is in progress might be a factor.

6. The only other factor I can think of is that in the proposal they use the words "should be easier to understand and implement" which I think is an area that can be a problem. I imagine that this approach will probably be tested among some groups to see if it is easier to understand.